



CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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26 OCTOBER 1965

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1. Indonesia

The generals are making headway in their drive against the Communists and others involved in the 30 September affair.

The army's immediate target is Foreign Minister Subandrio, firmly implicated in the coup try by two captured plotters. A demonstration today involving 10,000 youths demanded his removal.

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General Sukendro has refused to accede to Sukarno's orders that he go into exile. Several anti-Communist newspapers have continued to publish despite instructions to cease. Moreover, anti-Communist labor leaders, mute for many months, are being heard again.

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While this is going on,

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the Communists may be beginning a campaign of sabotage and terrorism.

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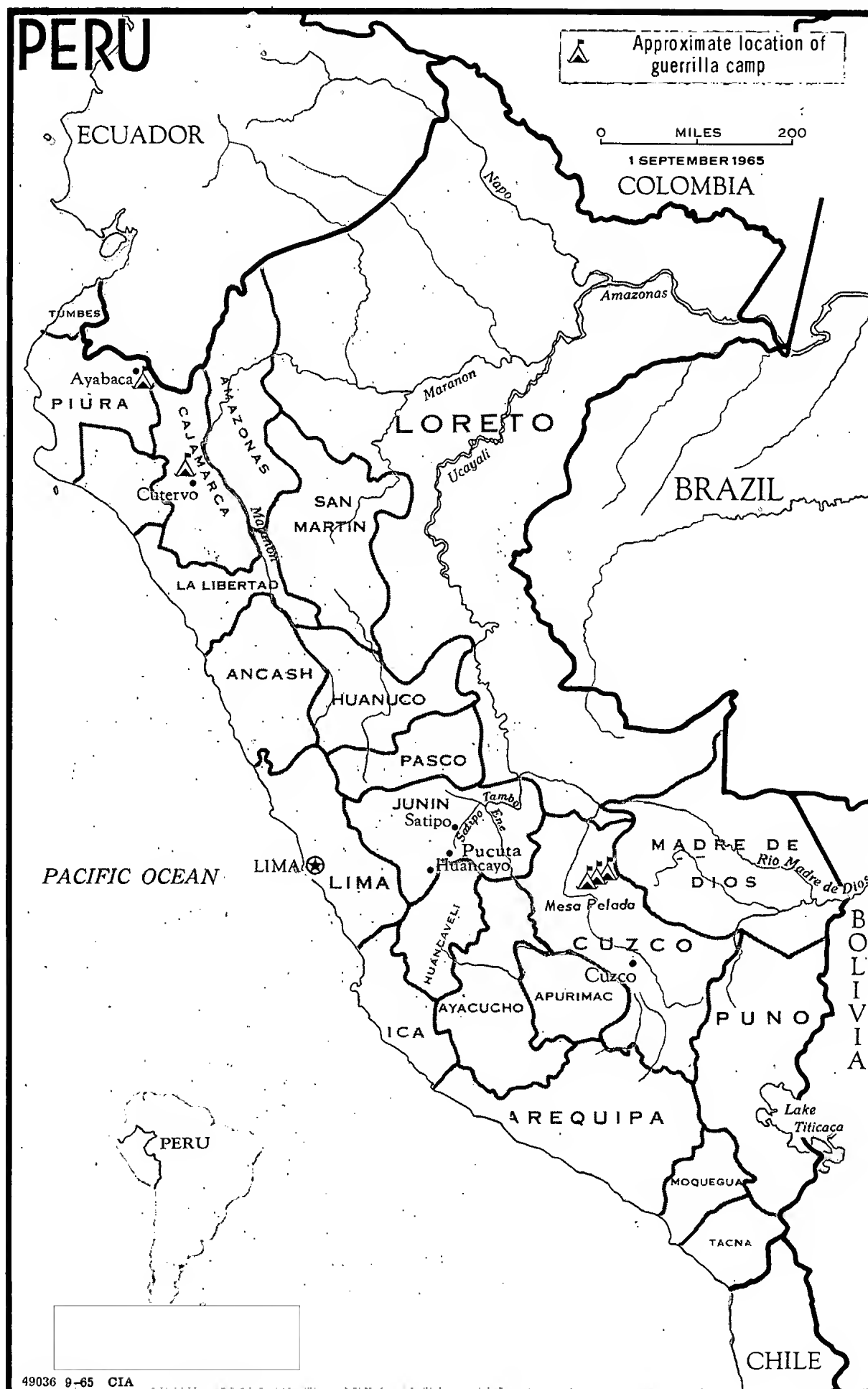
Communist preparations for "guerrilla warfare" in this and other areas of Java and Sumatra.

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2. Communist China

Peking has just concluded a deal with Canada calling for the delivery of six million tons of grain over the next three years. The Chinese, faced with another mediocre harvest, are also negotiating sizable purchases with Australia and Argentina. Chinese imports next year promise to run about six million tons, worth \$400 million, which is what they have been averaging for the past several years.

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3. Communist China

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4. Brazil

The Brazilian Congress votes tonight or tomorrow on three constitutional amendments submitted by the government in a bid to enhance its powers in security matters.

President Castello Branco, who has been losing political ground lately, has a great deal riding on the outcome. Government forces have been applying plenty of pressure on marginal deputies for a favorable vote, but as of now the issue is very much in doubt.

If the amendments are defeated, Castello Branco will find it well nigh impossible to continue withstanding the urgings from his military and revolutionary colleagues to take strong action outside the Congress.

5. Peru

Government counterinsurgency forces scored a major victory Sunday when they killed guerrilla chieftain de la Puente.

His death, however, will probably do no more than knock the guerrillas off stride temporarily. Indeed, there are signs that the insurgents' drive to enlist other left-wing organizations in their guerrilla campaign is starting to show results.

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6. Dominican Republic

There was only minor scuffling in the former rebel zone today.

For the first time since the crisis began, regular Dominican police are patrolling in the zone. There are no reports of significant arms collections today, nor have the Dominican armed forces returned to their barracks as directed by the provisional president. There was another political assassination in the provinces this afternoon.

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7. Rhodesia

Prime Ministers Wilson and Smith have opened a new round of talks in Salisbury. British officials reiterate that Wilson has no new initiatives in mind but intends to talk to as many Rhodesian leaders as possible in hopes of improving the climate there. Our consul general in Salisbury believes that these tactics could serve to embitter the white settlers and strengthen the hand of the extremists bent on independence now.

8. South Vietnam

The US mission in Saigon reports that concern over rising living costs and economic steps the government might take has recently overshadowed political activity.

Fluctuations in the prices of such commodities as charcoal, fresh vegetables, and salt have been particularly worrisome because of their immediate impact on the urban population. Although the government has scored some temporary successes in holding the price line, the general trend has been sharply upward.

The basis for this trend appears to be an increase in the supply of money rather than any severe shortage of goods.

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